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SUMMARY RECORD OF THE 18th MEETING

Held at the Palais des Nations, Geneva,
on Monday, 11 May 1992, at 3 p.m.

President: Mr. BREITENSTEIN (Finland)

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Annual report of the Administrator for 1991 and priority areas identified therein (high-level segment) (continued)

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The meeting was called to order at 3.05 p.m.

ANNUAL REPORT OF THE ADMINISTRATOR FOR 1991 AND PRIORITY AREAS IDENTIFIED THEREIN (HIGH-LEVEL SEGMENT) (agenda item 2) (continued) (DP/1992/12 and Add.1, 2, and 4-6)

1. Mr. BHATIA (International Monetary Fund) said that all the economies in transition of Central and Eastern Europe as well as the former Republics of the Soviet Union needed substantial support, both financial and technical assistance as well as access to world markets for their exports. For some years past, the Fund had been helping the countries of Central and Eastern Europe with the design, financing and implementation of their reform programmes; in 1991 the Fund had provided those countries with approximately US$ 3.7 billion of its own resources which, in turn, had helped to catalyse $17.4 billion in total financing from the international community. Further assistance would be required for 1992.

2. Favourable results in several of those countries had included lower inflation rates, a revival of private-sector activities and a rechannelling of exports; set-backs had included larger than expected declines in output, slower than hoped for legal reforms and privatization and greater resistance to budget-deficit reductions. The countries were, however, moving beyond the first phase of reform towards the creation of efficient market economies while still persevering with a bold and comprehensive approach to systematic financial reforms. In the second phase of reform, the role of official financial assistance must be seen to decline and the countries concerned must establish as quickly as possible the economic prerequisites and legal and institutional arrangements to attract larger foreign private financing.

3. The Fund's experience with the programmes of those countries was relevant to the important task of assisting the 15 nations of the former Soviet Union to put in place the basic structures of a free society. A long period of transition must be expected, which would involve large inflows of external financial assistance and a substantial demand for technical assistance aimed at building an appropriate institutional and regulatory framework.

4. For several months past, IMF had worked intensively with all the countries of the Commonwealth of Independent States (CIS) in close cooperation with the World Bank and other multilateral institutions. Staff missions had visited all those countries and technical assistance was already being extended in the fields of monetary management and money-market development, fiscal policy and administration, tax policy, public expenditure and the design of social safety nets, central banking and monetary and exchange policies.

5. The Fund's Board of Governors had recently approved all 15 membership applications and 2 of the countries had already become Fund members; the remainder were expected to do so in the very near future. In the meantime, the Fund was engaged in intensive dialogue with the authorities of those countries to help them design their strategies for transforming to market economies.

6. In the view of the Fund, those countries must urgently adopt structural reform and stable macroeconomic policies and restructure and renovate their social protection systems. In all those areas, technical assistance was urgently required. At least a part of the disproportionately large military-industrial complex of those countries must also be converted in order to rechannel resources, in particular human resources, to civilian and more productive uses.

7. In many sectoral and social areas, the cooperative role of the United Nations system and, in particular, UNDP, was self-evident. For its part, the Fund was providing technical assistance in the areas of its traditional expertise. In banking, it was also coordinating bilateral technical assistance by major donor central banks. The primary responsibility for coordination rested with the recipient country, but coordination among providers of assistance was indispensable in order to avoid duplication or conflicting advice.

8. Tentative estimates suggested that the 15 Republics of the former Soviet Union would require about US$ 40 billion in 1992, over half of which would be needed by the Russian Federation alone. Needs for subsequent years were equally high. The proposed 50 per cent increase in IMF quota resources and possible support for an early activation of the Fund's General Agreement to Borrow (GAB), could enable the Fund to provide those countries with as much as $25-30 billion from its own resources over the next four years but that would need to be supplemented by multilateral and bilateral assistance, including some from private market sources. Such assistance must clearly not be at the cost of other developing countries. The Fund was confident that the task could be performed.

9. The 1992 Human Development Report suggested that the Fund had drifted away from its original mandate of maintaining monetary stability and resolving balance-of-payments imbalances in an equitable way; that it could not exert any authority over the rich industrial countries; that its conditionality had been deflationary; that it had actually been withdrawing resources from the developing countries during the debt crisis; and that its authority, greatly weakened over the previous several years, should be strengthened by converting it into a global central bank and by enabling it to impose adjustment programmes on industrial nations also, while introducing a penalty, in the form of a tax, on external surpluses.

10. Those criticisms and suggestions seemed to be contradicted by recent facts, such as the stronger growth performance that had been experienced across all regions of the world under Fund-supported programmes and the increased acceptance of the effectiveness of the market-based policies advocated by the Fund. They also disregarded the important catalytic role which the Fund had played in attracting external resources into countries undertaking reform programmes it supported and diminished the strong call by Fund management for free trade and the reduction of wasteful expenditures, in industrial and developing countries alike, in order to increase world savings to meet the global challenges.

11. The 1992 Human Development Report had, however, very usefully drawn attention to the international dimensions of human development and convincingly urged the international community to strengthen its support for global human development, especially through competitive and efficient markets and increased volumes and efficiency of official development assistance (ODA). It was also right to emphasize the strengthening of multilateral institutions. The report could, however, be more effective if it revealed a proper understanding of the assigned role of institutions such as the Fund and of the way in which the international community was already addressing the problems of resource flows and poverty alleviation within the perceived boundaries of what was feasible and acceptable from a global point of view.

12. Mr. BASSIN (Finland) said that the Nordic countries had long been concerned at the evident shift in technical assistance towards the World Bank system and the increasing marginalization of the United Nations in that area. The findings of the Nordic United Nations Project, had, however, reinforced his delegation's conviction that the United Nations development system had unique properties, such as political, commercial and professional neutrality, the multisectoral and interdisciplinary character of its operations and a broad resource base. It felt strongly that the United Nations system was amenable to a degree of democracy in decision-making and transparency in execution that might be difficult to achieve in any alternative system. To give up the operational role of the United Nations, of which UNDP was the main exponent, would be unacceptable.

13. The Administrator had pointed out that one of the most important of UNDP's efforts to implement the recommendations of decision 44/211 had been the definition and tentative application of the programme approach. His delegation attached importance to the operationalization of the programme approach in field circumstances, not least because of its clear and direct link with the national capacity to manage external aid flows, to plan development and execute development activities.

14. The ultimate aim, however, was more ambitious: to transform UNDP from its predominantly funding role into a development institution by making full use of its comparative institutional advantages, such as its field network, its coordinating function at the field level and its cooperative relationships with other international organizations.

15. His delegation had noted UNDP's efforts to improve the coordination of the United Nations system, but it must be recognized that the power to coordinate others was closely connected with the power of the purse. The implementation of the programme approach should bring a considerable improvement in that respect, since the national Government and UNDP together would be able to exercise that control function.

16. His delegation endorsed the Administrator's proposal for increased decentralization to field offices and considered that his ideas regarding new structures were bold and imaginative. The unified United Nations field office and the single country programme certainly made excellent sense and were goals well worth striving for; his delegation supported that approach. His delegation was delighted at the Administrator's other proposals, which were very close to the proposals contained in the Nordic United Nations Project.

17. The human development reports were the product of an independent group of scientists and thinkers and the impact they had on the drafting of national human development strategies and in putting the national concerns in a global perspective had been most welcome. The 1992 Human Development Report had a different emphasis from its two predecessors. The basic view reflected in the 1992 Report, namely, that markets did not and would not work and that the world community must therefore direct them through agreements and communities, was a debatable one. That approach represented a return to the outmoded theories of the 1960s and the 1970s.

18. The World Bank's report entitled Global Economic Prospects and the Developing Countries forecast the best economic growth figures for the developing countries as a group for the last 30 years, heralding a return to the higher growth rates of the 1960s. That was further support for his delegtion's view that, at a time when the new orientations adopted in recent years were showing promise, it was hardly appropriate to return to discredited ideas. It would prefer to see future human development reports concentrate on refining and elaborating the important concept of human development and its measurement. The crucial question of the day, namely, the relationship between economic and social development and the political system of the nation State, or the connection between political freedom and human development, would bear more study by the authors of the Report. In that connection, he wished to thank the Administrator for the strong support he had expressed for the World Summit for Social Development.

19. His delegation counselled particular prudence in choosing suitable methods to assist the economies in transition of Eastern Europe and the former Soviet Union. The similarities with UNDP's traditional work were many and obvious; the differences might be more subtle, but they were definitely noteworthy.

20. The channelling of increased and adequate resources through UNDP called for realism and flexibility in the Fund's approach to its many and increasing tasks. Nothing heard recently from the donor community indicated that massive new funding would be available to multilateral programmes like UNDP, and the Fund must beware of overly optimistic estimates of future voluntary contributions. Apart from its responsibilities to its developing member countries, UNDP had unique and irreplaceable responsibilities in another field, namely, its global and interregional programmes which represented both an unparalleled mandate for the United Nations system and a challenge in an increasingly interdependent world.

21. One important responsibility of UNDP would be the implementation of "Agenda 21" which would probably be approved by UNCED in the near future. The Governing Council should send a positive signal to Rio de Janeiro by stating its willingness to consider the issue at its next session, as a matter of high priority.

22. Suggestions had been made for a special trust fund for South Africa and that the mandate of the Baltic Trust Fund should be widened to cover the entire former Soviet Union. UNDP should not become merely the warden of a number of special funds, with IPF resources as an uninteresting sideline. To keep it on the right path, the Council should adopt a time-limit for such

trust funds and set out conditions under which the existence of such funds would be continued. In neither case were the countries involved included among the developing members of the United Nations; they were experiencing transitional difficulties due to economic and political changes. A decision that, after a number of years, the Council would consider a review report by the Administrator to determine whether the conditions it had set had been fulfilled would be fair to the countries concerned without unduly weakening the central funding principle.

23. His delegation agreed with the Administrator's statement that the objectives of the current session must be: not to change the focus of UNDP, not to divert resources from poorer developing countries and not to change the orientation of UNDP from the least developed ones.

24. Mr. STAEHELIN (Switzerland) said that the analysis contained in the 1992 Human Development Report of the interrelationship between international market trends, international development aid and the promotion and financing of human development, particularly in the countries of the South, was a critical one, and, in particular, urged that new approaches must be found if the huge socio-economic gap which existed in the world was to be narrowed. While the transposition of the international dimension to the national one, as recommended by the authors, would not be easy, there could be no doubt that, in any analysis of human development, the international dimension must certainly be considered. It was to be hoped that, once the controversy regarding the human freedom index had died down, the authors of the Report would be able to pursue their work in a calmer and more constructive atmosphere. It was most interesting to learn that UNDP was preparing a manual on the operational aspect of human development and his delegation welcomed the fact that a number of countries had requested assistance in developing strategies for human development.

25. As for UNCED, the implementation of "Agenda 21" was an enormous but unavoidable challenge; it was already agreed, however, that the United Nations system would have a crucial role to play. UNDP, like other United Nations organs and the industrial countries, must ensure that programmes were designed to promote sustained development, consistent with the UNCED recommendations, and to strengthen the management capacities of the recipient countries. The implementation of "Agenda 21" would require the mobilization of additional financial resources in close collaboration with the international financial institutions. His delegation looked forward to the Administrator's recommendations on that issue.

26. On the question of aid to the countries of Central and Eastern Europe and the Commonwealth of Independent States, UNDP's proposed allocation of IPFs to those countries in accordance with the criteria established for the fifth cycle should not cause any major difficulties but the Administrator's proposals were not sufficiently clear as regards either intent or priorities. His delegation hoped that UNDP would take maximum advantage of the offices and services already available in the region and that the opening of new offices would take place in close collaboration with other interested United Nations agencies.

27. On the reform of the operational system of the United Nations, his delegation welcomed the fact that the Administrator's intentions were substantially consistent with the recommendations in the Nordic United Nations Project. It was essential that the United Nations system should improve its internal coherence in such a way that the various agencies could concentrate their efforts on the areas in which they enjoyed genuine comparative advantage, thus achieving real complementarity. The United Nations system must demonstrate that it was capable of delivering to recipient countries services and aid which other institutions and bilateral donors were less able to offer. It was also becoming increasingly essential to re-examine UNDP's voluntary funding system, together with the structures and functioning of the intergovernmental bodies governing those agencies.

28. On the issue of fifth-cycle programmes, his delegation thought that, in the past, UNDP programmes had all too often been characterized by a large number of small, poorly targeted, activities which had produced very limited results in terms of development. The programme approach proposed by the Administrator was specifically designed to compensate for that weakness. The new approach should involve better integration of UNDP support with national programmes; greater concentration of action in areas where UNDP enjoyed real comparative advantages; better coordination with the contributions of other donors; and thus, better development results.

29. Those results would not, however, be achieved unless the goals and performance criteria were clearly defined, the inputs and responsibilities of the different agencies specified and a system of joint follow-up and evaluation introduced. Without such guarantees, there would be a risk of returning to new forms of stop-gap action and wasteful dispersion of resources. The mid-term reviews would provide a suitable occasion for evaluating the results.

30. Mr. FANG Guoxiang (China) said that, at a time when the world was undergoing a period of profound change, the old order still dominated the global economy. The developing countries, with the majority of the world's population, were still shouldering the extremely heavy burden of foreign debt while commodity prices continued to fall. The terms of loans from some developed countries and international financial institutions had become increasingly harsh and some even attached difficult political conditions. All those facts had seriously affected the economic development of the developing countries and widened still further the gap between the rich and the poor. The establishment of a just and rational new international economic order had thus become the prerequisite for the stable development of the world economy.

31. The facts showed that UNDP could play its role in the field of global development. For more than 40 years, it had been providing large amounts of technical assistance to over 100 developing countries and regions and it had helped them to restore and develop their national economies and strengthen their self-reliance. The main reason for the increasing popularity of UNDP technical assistance was that its policies and guidelines were in keeping with the fundamental interests of the developing countries. In that connection, he drew attention to paragraph 5 of the annual report of the Administrator for 1991 (DP/1992/12) in which the new orientation for technical cooperation

was characterized. The Administrator stressed inter alia, that national plans and objectives were the only viable frame of reference for technical cooperation and that such cooperation must be flexible, responding to new needs and changes as they arose. His delegation endorsed the principles of the new orientation, and hoped that they would be followed in the future.

32. In 1991, UNDP had launched a subregional cooperation programme for the North-East Asian countries, the success of which was the result of UNDP's comparative advantages in international cooperation - multilateralism and neutrality. The strong support given by many developing countries to the United Nations Volunteers programme also reflected UNV's dedication to international development cooperation and the principle of South-South cooperation.

33. Regarding the issue of programme approach, his delegation was pleased to note the recognition of the fact that the purpose of UNDP-assisted country programmes was to support national objectives and plans. Confusion concerning that issue had, in the past, delayed the approval of programmes and projects. Thus, since the Governing Council's approval of the country programme for China the previous year, only 10 per cent of his country's IPFs had been approved, while one-fifth of the duration of the programme cycle had elapsed. UNDP must speed up its programme and project approval process and give more approval authority to UNDP resident representative offices. In that connection, the UNDP senior management structure reform should aim at streamlining the headquarters structure and improving efficiency. Headquarters staff should focus on providing timely services to the field offices so that the quality and speed of implementation of UNDP programmes and projects could be improved.

34. Over the past few years, it has been clearly recognized that national execution helped to enhance the capacities of recipient Governments in respect of the management and implementation of assistance programmes and projects. His delegation thus welcomed UNDP's efforts to expand national execution so that it would ultimately become the main modality for the implementation of assistance activities. However, in view of the different management and coordination levels of the developing countries, a gradual approach to national execution should be adopted. UNDP should train management and financial staff from the recipient countries, so as to help familiarize them with the relevant regulations and improve their operational management capability.

35. Gradual expansion of national execution would require some changes in the participation of the specialized agencies in programme and project implementation. That did not mean, however, that the expertise of those agencies would not be utilized. In the transitional period, the functions of the specialized agencies should not be weakened and the reform in agency support costs should not impair the status and role of those agencies in the traditional tripartite cooperation.

36. The issue of the environment had gained prominence and the improvement and protection of the Earth had become the shared responsibility of all

States. At the forthcoming United Nations Conference on Environment and Development, his delegation would be prepared to discuss with all those of other countries the common tasks for international cooperation in the field of environment and development.

37. The two tasks facing the developing countries were poverty alleviation and economic development, on the one hand, and environmental protection, on the other. In that regard, their lack of technology and financial resources produced serious difficulties. The developed countries should shoulder greater responsibilities and provide substantive support to the developing countries. China was prepared to make its due efforts in that regard.

38. UNDP and other United Nations development organizations had all expressed the view that the forthcoming decade would be one of human-centred development. His Government, which endorsed that view, maintained that per capita GNP should not be the sole criterion in evaluating a country's level of development. Economic growth was not an end in itself and the ultimate goal should be to meet, to the maximum possible extent, the increasing material and cultural needs of people. His Government also agreed that human beings were the driving force for development and that human-resource development should thus be an important and integral part of the development process and that international cooperation should be enhanced in that area.

39. However, the UNDP of Human Development Report had caused great differences of views in the Council. Many delegations had expressed strong opposition to the method of giving points to each country to measure the status of its political system and degree of freedom, a view which his delegation shared. His Government had always regarded UNDP as a practical and operational organization within the United Nations system, and hoped that ideological disputes would not be introduced into the Council's deliberations.

40. With regard to the fifth programming cycle, the 1992 pledging commitments indicated that there might be a slight increase in UNDP's financial resources but that they would still be below the 8 per cent target required by Governing Council decision DP/90/34. In that connection, it was gratifying to note that Sweden had increased its contribution by 11 per cent and had become the largest UNDP donor. It was to be hoped that all the developed countries would follow suit. In the meantime, UNDP should formulate an effective funding strategy, and open up additional channels to secure the financial resources for the fifth cycle.

41. With respect to the question of resource allocation, the criteria based primarily on per capita GNP and population had proved to be relatively fair and reasonable, and should therefore be adhered to in the future. However, the difficulties faced by the developing countries should be the primary concern of the international community. UNDP's assistance should continue to meet the needs of the low-income developing nations, especially the least developed ones.

42. As a result of the reforms carried out in the last 10 years, his country enjoyed political and social stability and vigorous economic growth. Continued reforms would undoubtedly lead to greater cooperation between China

and other countries as well as with the international organizations. His Government had always played an active part in UNDP's multilateral technical cooperation for development, and was prepared to work with the Programme in making its contribution to the revitalization of the economies of the developing countries.

43. Mr. LANG (Austria) said that the challenges facing the international community and UNDP were greater than ever before. While it was encouraging to note the renewed commitment to multilateral institutions and solutions, there were financial and economic constraints which tended to compromise that trend. The contradiction between increasing tasks and stagnating resources made it necessary to achieve maximum efficiency in the use of the human and financial resources available.

44. As for UNDP's engagement in some Eastern European countries and the trend towards further engagement in the CIS countries, there could be no doubt that, as the Administrator had said, the principles of universality legitimized UNDP coverage of that region. In its endeavours, UNDP must be guided by several clear principles: efforts should be focused on areas where it had a comparative advantage and closely coordinated with other international organizations inside and outside the United Nations system; any duplication should be avoided; and funds earmarked for developing countries should be maintained at appropriate levels and not used to meet the needs of other regions.

45. An appropriate but cost-efficient structure in the region should give UNDP a good basis for its activities. One of the reasons why his Government carefully separated development cooperation with the classical developing countries from cooperation with other countries and regions was a desire not to jeopardize the planned gradual increase in official development assistance (ODA) levels. Over the past two years, it had been possible to increase Austria's ODA disbursements considerably. At the same time substantial cooperation, mainly on a bilateral basis, had continued with its Eastern neighbours.

46. Multilateral development cooperation was still quite a small component of his Governments' overall ODA but there had recently been a trend towards increased multi-bi-funding and cost-sharing of programmes. For example, for the first time Austria had contributed to a UNFPA country programme in an African country and several special-purpose contributions had been made to UNICEF and UNHCR. Its JPO and associate expert programmes had also been expanded.

47. His delegation had played an active part in the preparatory process for the forthcoming United Nations Conference on Environment and Development. Development to the detriment of the environment was a blind alley. Environmental sustainability should be implicit in everyone's understanding of development and growth and thus, an integral element in planning from the very outset. UNDP and the United Nations generally should set the example in that regard.

48. A number of recent emergencies had affected mainly the poorest regions of the globe. The international community was at last reacting to the inadequacy of existing institutions and preparedness efforts. Disaster management and mitigation was an area in which bureaucratic delays could have fatal results. His delegation had thus noted with interest the report on UNDP's role in disasters and emergencies, which highlighted a number of ways to improve the current arrangements.

49. Disaster mitigation was only one area in which the parochial interests of different organizations and bodies must be set aside in order to achieve optimum results. All parts of the system must be pulled together to face up to the enormous challenges, in accordance with the joint principles and goals of the United Nations. It went without saying that donors and recipients alike must also participate if cooperation was to be effective.

50. In that context, his Government was highly interested in the functioning of the new support costs regime, which had been refined enough to become operational.

51. It was generally acknowledged that the national execution approach was useful if and when national capacity had been properly developed. His delegation noted that a number of nationally executed projects had been evaluated and that there seemed to be over-reliance on governmental project execution, as against the option of using other partners. In general, cooperation with non-governmental institutions and organizations seemed to need further improvement.

52. The 1992 Human Development Report was sobering in that it put development cooperation into perspective, presenting ODA flows as insufficient to make up for what developing economies were losing through restrictions on international trade and the free movement of labour. The Report's suggestions regarding institution-building were interesting, although it appeared doubtful that the political will required to realize them would materialize, at least within the near future. If Governments and their more prosperous citizens could disregard their own poor and homeless, it was rather optimistic to expect them to take appropriate action at the international level.

53. None the less, the Report should be valuable to policy makers in both developed and developing countries and especially useful as yet another means of promoting a growing awareness of development issues in the general public. With that objective in mind, his country's Ministry of Foreign Affairs had organized, together with UNDP, a seminar in April 1992 on the issues contained in the Human Development Report. The seminar had been attended by officials and media representatives from several Central and Eastern European countries and had demonstrated that human-development issues were increasingly understood to be relevant to all people.

54. There was considerable room for improvement in the operational activities of the United Nations system. He noted from the Administrator's report that greater decentralization was, in principle, envisaged for UNDP. In the case of the Governing Council, the biennialization of some items was a first

positive step. Furthermore, a smaller number of documents, and improvements in their style and format, should be urgently considered if delegations were to fulfil their tasks satisfactorily. The sheer bulk of the documentation was an obstacle to better governance within UNDP.

55. Mr. KOSTARCZYK (Poland), speaking on behalf of the delegations of the Czech and Slovak Federal Republic and Hungary as well as his own, said that the scope and forms of activities for development for which the Council was responsible were wide and varied and raised the expectations of virtually all countries and communities in their search for more human and sustainable development in greater freedom and democracy. He wished to place on record the appreciation of the countries' he was representing for the efforts made by UNDP, UNFPA, and other specialized funds and programmes to promote the cause of development. The same was true with regard to UNDP's executing and participating agencies and organizations, including the Economic Commission for Europe.

56. Five hundred years after the historic discoveries of Columbus, mankind was witnessing another historic event, the end of the cold war. That victory, which had until recently appeared impossible, should encourage countries in their campaign against poverty and ignorance. The United Nations system, including UNDP, should become a more powerful participant in that campaign for the benefit of all.

57. As the Administrator had pointed out, the possibility of a new structure of peace and security should be based not only on reduced military expenditure but also on building economic and ecological security for humanity. The three countries he was representing were confident that other countries and the entire United Nations system concerned with development would learn from their transition process. They welcomed the newly independent States and fully supported their request for recipient status in UNDP.

58. The acceleration of the transition process to a pluralistic form of democracy and a market economy required of them greater efforts and cooperation. Assistance from the international community, including the United Nations system, was most welcome as a complementary tool to their own endeavours. Those countries found themselves in an ambitious period of transformation: radical political and economic reforms had begun but the establishment of the necessary market environment and the fundamental change in human behaviour would take longer than had originally been thought. Effective coordination of multilateral and bilateral assistance and the elimination of overlapping were important factors in accelerating their transformation process.

59. With regard to UNDP's activities in the 1990s, with special reference to the region of the countries he was representing, he said that the dynamic and unique transition process in those countries called for an assistance coordination mechanism among donors and recipients in which the recipient Governments should play a leading role. Due to limited UNDP core funds, there was a need to speed up consultations on mutually agreed development objectives with multilateral and bilateral donors. The experience accumulated by UNDP and the recipient countries should be converted into action-oriented activities.

60. In doing so, UNDP's activities should be adapted in such a way that its assistance was provided on a timely and flexible basis. The countries he was representing would welcome simplification of UNDP administrative procedures in order to minimize the costs of programme and project management. UNDP and the recipient countries should act on a pragmatic case-by-case basis and in full mutual consultation, and the technical assistance to the three countries should concentrate on the implementation of already approved national strategies and policy measures aimed at achieving practical results.

61. In view of the importance of the transition process in Central and Eastern Europe, the delegations he was representing welcomed the Administrator's decision on the establishment of a separate Division for Europe and the Commonwealth of Independent States. They recommended that the Division should be staffed mainly with professionals familiar with the problems of the recipient countries. It would also be advisable to establish an information database on local and expatriate experts and consultants.

62. To facilitate direct operational contact with the Division for Europe, it should be located in Central Europe, so that it could urgently address and solve problems on a daily basis.

63. The new regional programme for Europe (DP/REU 3) should correspond to the different levels of development and the real needs of the participating countries. The regional IPF's should preferably be used for activities of a strategic regional character. The countries he was representing would accept and participate in those activities which were well defined, financially transparent and able to attract additional resources.

64. The concept of national execution and greater utilization of national experts and consultants in UNDP regional activities should be applied on a case-by-case basis. The countries he was representing supported that modality and expected that enhancement of the national management capacity in UNDP project activities would also be a UNDP priority in the current programming cycle.

65. The delegations he was representing reaffirmed their commitment to continue supporting UNDP activities in favour of the developing countries and regarded their IPF recipient status in UNDP as temporary in nature.

66. At their summit meeting held recently at Prague the three Governments had stressed that cooperation within the "Visegrad triangle" had opened up a new chapter of relationship in Central Europe. By developing their new quality of cooperation, they were demonstrating their responsibility for a peaceful and prosperous future in Europe.

67. Speaking on behalf of his own delegation, he reaffirmed his Government's full commitment to the goals and principles of multilateral technical cooperation for development, in which UNDP should continue to play a leading role. Its multiple comparative advantages including its emphasis on the role of local culture in shaping national development priorities, were important factors for ensuring the rational and efficient use of a country's human and material resources, with the support of foreign aid, in the successful implementation of development strategies and programmes.

68. In Poland's fifth country programme, UNDP assistance was concentrated on a few priority areas such as human-resource development and the building of an institutional infrastructure. Cooperation with UNFPA would be linked to the country programme. His Government looked forward to receiving the Council's approval of that programme, for the broad involvement of other external multilateral and bilateral inputs would be sought.

69. Poland was willing to share its development and transitional experience with other countries and organizations, and was also anxious to learn from the mistakes and achievements of others. Contacts could be facilitated through the UNDP/UNFPA Resident Representative in Warsaw. The UNDP presence in his country over the past 18 months had made a tremendous difference to the understanding of United Nations technical cooperation for human development, by both the decision makers and the public at large. Bilateral and multilateral partners, too, increasingly relied on the UNDP office and activities in their own cooperation programmes with Poland.

70. His Government saw promising possibilities of further developing mutually advantageous cooperation with UNV and UNFPA, on the basis of recent agreements and needs assessments missions, and looked forward to expanding its cooperation with other regional, interregional and global funds and programmes, including the Special Programmes Resources (SPR) and the Global Environment Facility (GEF), in view of the pressing need to solve acute problems in those areas.

71. Poland was also ready for closer technical cooperation with the Baltic countries and the Commonwealth of Independent States on a bilateral and multilateral basis. In view of the needs generated by the transition progress, such cooperation would be mutually advantageous and constructive as well as cost-effective, and would undoubtedly result in new modes of cooperation which might be of interest to other countries and organizations.

72. His delegation, like many others, was in favour of strengthening the role of the United Nations development system on the basis of its achievements and experience. In the new era of international relations, the system's comparative advantages could be put to full use in the interests of global peace and human development.

73. Mr. NEAGU (Romania) said that the Governing Council was meeting at a time when fundamental changes continued to take place in Central and Eastern Europe, marked by the determination of the people of the region to shape their own destiny and build on their pluralist democracies and market economies. The experience proved the validity of the Secretary-General's observation that there could be no development without democracy nor democracy without development. Freedom and political pluralism were in fact the prerequisites for developing market economies, sustainable economic growth, prosperity, social justice, expanded employment and the efficient use of economic resources.

74. The political and economic changes in the Eastern European countries since 1989 had resulted in a major restructuring throughout, and in the introduction of a multi-party democracy, private ownership, new concepts of management and services and new opportunities for the individual

entrepreneur. Their aggregate economic activity had fallen by as much as 30 per cent, however, and the recession had resulted in a vastly decreased demand and output, a sharp rise in unemployment, unused industrial capacity and accelerated inflation. The current task was to stop the decline, stabilize prices and prepare the ground for economic recovery.

75. Internal efforts were insufficient by themselves to achieve those ends. The countries concerned badly needed the support of external financial and technical assistance, of the United Nations system and particularly of UNDP.

76. In Romania, a developing country, the change to a system based on democratic elections had taken place, the legal reform process was well under way and the remaining steps towards achieving a market economy had been defined. After two years of decrease in industrial production, the decline had stopped at the beginning of 1992. Unfortunately, in March 1992, industrial production had again started to decline, when Romania found itself unable to import its minimal needs of raw material and energy owing to delays in foreign financing.

77. His Government had just presented a special programme aimed at enhancing economic stability and recovery by easing inflationary pressure and resettling the hard-currency balance. The restructuring of various segments of the Romanian economy had been given high priority in order to achieve international levels of competitiveness and to raise the living standards of the population. That implied a substantial investment effort, technical innovation and training.

78. As the investment needs far exceeded domestic resources, his Government had opted for a strategy of actively promoting direct foreign investment in the economy. For the implementation of that programme and strategy, international assistance and expertise were required. Assistance from the United Nations development system was an important component thereof. Romania's country programme for 1992-1996 had been drawn up to meet the new requirements of the market economy, and emphasis had been placed on projects involving privatization, management and protection of the environment in industry.

79. A round table on "Changes: System and People" organized in conjunction with UNDP, was to be held at Bucharest in September 1992 and would undoubtedly help to identify new practical solutions to the problems arising from current changes. His Government was also participating actively in the formulation of new projects within the UNDP regional programme for Europe, and remained interested in benefiting from the UNDP special assistance programmes aimed at compensating countries which, like Romania, had suffered serious losses following the Gulf crisis.

80. The response of the UNDP Administrator and his staff to Romania's requests for assistance had been of great help in the transition process, and they were to be congratulated on the progress made in implementing the new orientations for technical cooperation. The five ideas put forward for a productive and effective United Nations development system were both realistic and feasible. The attention paid to the problems of countries in transition had been gratifying. His delegation supported the requests for recipient

status from the independent countries of the former Soviet Union, and took it that the assistance provided would be commensurate with the economic development requirements of each country.

81. The 1992 Human Development Report emphasized the ways in which trade barriers and external debt, on the one hand, and immigration policies, on the other, had helped to maintain and in some cases widen the gap between rich and poor countries, and concluded that competitive markets were the best guarantee for human development. His delegation noted with interest the strong message that the international community should strengthen its support for global human development not only by increasing aid but also by improving the access of developing countries to global markets. At the same time, the understandable concern expressed by a number of countries had been noted.

82. The study would provide a useful basis for further work. Romania was currently able to provide complete and real figures for the new edition, in which it should be included among the developing countries.

83. Mr. PRONK (Netherlands) said that, despite the new political perspectives, there was still controversy over the concepts of freedom, democracy and good governance. The deadlock in UNDP's special session in February 1992 had resulted in the postponement of a decision as to the way in which the Programme should proceed on the relation between political freedom and economic development. That did not mean that the debate had ended; the time had come for differences to be acknowledged and further efforts made to achieve definitions free of cultural bias. As the 1991 Human Development Report stated, the objective of human development was to enlarge the range of people's choices so as to make development more democratic and participatory.

84. The question arose what that meant in practice for the work of UNDP. First of all, there was no doubt that UNDP had a mandate to study the relationship between development and human rights, since its prime task was development in all its aspects. In its search for the necessary information, its first source would be the United Nations system itself, followed by data collected by NGOs having consultative status in the United Nations system. UNDP was well placed to use the data in the Centre for Human Rights and the reports of special rapporteurs, working groups and such organizations as ILO.

85. In terms of results, a comparison of the developments within individual countries over a period of time was of far greater interest than a comparison between countries, which was of little relevance. In a country-by-country analysis, the emphasis should be placed on a qualitative description of the situation in a certain country based on the sources mentioned, supported as far as possible by statistics and quantitative data. Long before the results of such an analysis were presented publicly, all the countries concerned should be consulted, so that their reactions could be added to the report as an annex. Such an approach would stimulate the discussion on the linkage between development and human rights.

86. The fear of future conditionality as a basis of UNDP's work, whether presented as an index or in a chapter in the human development report, was one of the main reasons for opposing any UNDP activity in that area. The prospect of a reduction in assistance and a smaller IPF for countries at the lower end

of the human rights ranking was not encouraging for developing countries and clearly demonstrated one of the major weaknesses of the system, namely, that there were no sanctions for the rich.

87. That fear was not unjustified. All too often recipient countries had had to meet conditions established by donors, some of them ideologically based, others dictated by the urge to promote the export of a certain donor's industry. A more positive approach whereby the countries at the bottom of the list received additional technical aid to strengthen their performance, would undoubtedly be more effective.

88. With regard to UNDP efforts to play a role in the transition of the Eastern European economies, a conference room paper submitted to the Governing Council at its 1991 session had been noted, and the opening of field offices had been discussed.

89. The universal character of the United Nations and UNDP implied that, if a country met the criteria set for receiving an IPF, it would become a recipient. That in turn implied, however, that all recipients would receive a lower proportion of funds if the resources level remained the same. For the fifth cycle, it had been decided to reserve 55 per cent of UNDP's programmable resources for the LDCs. That portion of resources would not, therefore, be drawn upon by new recipient countries unless they were LDCs in accordance with the standards of the Development Assistance Committee (DAC). The future of the core budget was more worrying. The opening of new field offices in Eastern Europe and the new republics of the former USSR would deprive the LDCs of attention in the form of funds and man-hours.

90. While, therefore, there was a role for UNDP in that area, its efforts should not duplicate those of other multilateral agencies. From the outset, coordination within the United Nations system and with the other multilateral agencies concerned was essential. In practical terms, that meant shared premises for United Nations bodies, with shared costs and a division of labour between the multilateral organizations active in the area. UNDP should therefore, study all the possibilities of shared premises in the area on the basis of cost effectiveness, shared responsibilities and efficiency. Furthermore, on the basis of its comparative advantages, UNDP would have to limit its activities to the area of the human dimension of the economic transition and development of management qualities and systems. Its experience and expertise in those areas would guarantee that value would be added to the efforts of the other multilateral agencies involved.

91. The problem of HIV/AIDS could not go unmentioned. Apart from the human tragedy, the social and economic consequences were enormous, as most of the victims were among the reproductive and productive groups of society or were infants. Much of the development progress achieved to date would be lost unless a coordinated effort was made to prevent the further spread of the virus.

92. UNDP could and should play an important role in increasing awareness of the socio-economic consequences of HIV/AIDS and assisting Governments to improve institutional capacity to plan, finance, manage and coordinate national AIDS programmes. WHO's global programme on AIDS would provide the

necessary technical health inputs but, because AIDS was a problem with major implications for development, UNDP and WHO together would have to carry a fair share of the burden. He therefore urged UNDP and WHO to cooperate closely to combat AIDS in the spirit of the UNDP/WHO alliance. The needs of the developing world and the complexity of the problems were too great for either agency to tackle alone, but together they made a strong team and could count on strong support.

93. Mr. KAMAL (Pakistan) said that his delegation fully endorsed the Administrator's view that the United Nations could not abdicate its role in development, and should continue to provide the human face to development, as it had done in the past, and to remain a true partner for the developing countries.

94. The Administrator's proposal for a single United Nations country office under the leadership of the resident coordinator made economic and practical sense, but would require resident coordinators with the highest degree of professional competence. As for the concept of a single, coherent and integrated United Nations country programme, General Assembly resolution 44/211 already stressed that it was the exclusive responsibility of the recipient country's Government to formulate its national development plans, priorities or objectives, the only viable frame of reference for the programming of operational activities. In that context, the six themes adopted as priority areas for UNDP, were in some cases tantamount to conditionalities and were therefore not necessarily relevant to all countries.

95. His delegation had always supported a decentralization of authority to the field level: greater harmonization of field activities under the leadership of the resident coordinator would certainly ensure greater impact sustainability.

96. As highlighted in the 1992 Human Development Report, the growing income disparities between the developed and developing countries imposed almost impossible constraints on the improvement of living conditions in the latter. The impact of protectionist global markets on people's lives and the need to reform the system governing international markets had also been assessed. The Report's conclusions and guidelines, which highlighted the need for better access to the markets of the developed countries, were of particular relevance in view of the Uruguay Round negotiations.

97. UNDP remained the most important contributor to human-resources development and its accomplishments in institution building and human-capacity development had been impressive. Although the economic assistance provided by the Programme had been important, its most outstanding successes had been in technical cooperation. It had been instrumental in building and maintaining the infrastructures of the developing countries, contributing not only to their increased absorptive capacity but also to the emergence of technical cooperation flows between the developing countries themselves.

98. UNDP's approach to development in Pakistan had been multidimensional and, over the past 15 years, it had been careful to formulate its activities in the light of his Government's sectoral priorities. The principal sectors

supported had been agriculture, forestry, fisheries, natural resources and industry, with a recent shift of emphasis towards strengthening the socio-economic sector.

99. His Government's commitment to human development was reflected in its recently formulated Social Action Programme aimed at universalizing access to primary education, decentralizing the public health sector and involving the private sector, reducing the population growth rate, making potable water supplies and sanitation facilities available to the urban and rural populations, greater pollution control and environmental protection and the implementation of a master plan for national narcotics control.

100. At the same time, his Government was continuing its three-pronged Structural Adjustment Programme of deregulation, liberalization and stabilization, designed to reduce budget and balance-of-payments deficits. The Programme also aimed at converting the economy into an open, outward-looking one, characterized by the privatization of public enterprises, promotion of the private sector, deregulation of the economy, reliance on market mechanisms, creation of conditions conducive to a rational and effective allocation of resources, correction of macroeconomic imbalances, creation of conditions conducive to the rapid growth of export-oriented industries and widening of employment opportunities.

101. His Government would welcome, in particular, UNDP technical assistance in providing expertise and high-technology inputs in agriculture and agro-industry as well as in mining, engineering, industry and the service sector, for example banking and management techniques. TCDC was also a valuable means of achieving collective self-reliance and mobilizing human resources for development. The negative impact of the global environment on the developing countries had brought out clearly the need for cooperation among them, a field in which UNDP efforts could reap a rich reward.

102. Raising the status of women could have a major impact on the eradication of poverty, and his Government was providing financial, technical and institutional assistance and guidance in the implementation of women's development programmes. He paid tribute to the collaboration with UNV in that field.

103. The environment had become a major global preoccupation. Pakistan's National Conservation Strategy embodied a national policy for a sustainable future, which would be incorporated in the fifth Annual Plan and the Eighth Five-Year Plan (1993-1998).

104. Despite years of debate, national execution had been confined to a limited number of countries. Pakistan was striving towards full national execution, and UNDP should make every effort to ensure an effective transition toward government and recipient execution of national projects.

105. Mr. GAYLIS (Observer for Latvia) said that his Government was engaged in creating a climate favourable to business activities. The Supreme Council of Latvia had, in fact, passed a foreign investment act providing State guarantees and protection for foreign investment, equal treatment under the law and tax benefits in certain areas of development, including the production

of limestone, gypsum, dolomite, peat, timber and agricultural products and such fields as energy, biomedical technology, electronics, telecommunications and environmental protection. An adequate banking structure was in the course of being established and a new currency - Lats - would be introduced shortly.

106. The greatest advances in privatization had occurred in agriculture, where the number of private farms was well over 20,000 and would reach almost 100,000 within a few years. A comprehensive privatization programme would be finalized by the end of 1992, providing in its final stage for the transformation of medium and large industrial enterprises into joint-stock companies or shareholders' associations.

107. Assistance was required on a significant scale in respect of multilateral and bilateral relations, both in training and in the building of the requisite infrastructure to accelerate the transition to a market economy and democracy. During the initial stages of the transition, it would be very useful to have a UNDP senior official stationed in the country, who would also provide information on the various possibilities of obtaining development assistance. His Government was particularly anxious to take advantage of the expertise, impartiality and multidisciplinary approach of UNDP and other United Nations agencies, to complement the mainly bilateral assistance projects already in hand.

108. His Government gave especially high priority to implementing a programme of broad economic reform, including the encouragement of foreign investment, natural resource management, management training and capacity building. It hoped that rapid access would be granted to various resources available from UNDP under an umbrella project similar to that in Poland. The assistance of entrepreneurship development programmes to bolster the rapidly growing private sector would also be very welcome.

109. Other fields in which it was hoped to tap UNDP expertise were communications, forestry - forestry being one of Latvia's major natural resources and accounting for a large proportion of its exports - and capacity-building programmes, under which the Government had already requested UNDP assistance in training aid managers and aid coordinators across the whole spectrum of economic aid-recipient sectors.

110. His Government had been greatly encouraged by the establishment of a Baltic Trust Fund, which would enable all three Baltic countries to take full advantage of UNDP programmes without using ODA funds which were largely devoted to the countries in greatest need, since his country did not wish to compete with the traditional recipients of UNDP aid. On the other hand, there were great possibilities of technical cooperation with developing countries, and Latvia was ready to forge new trade links with countries outside the European region, which were anxious to find new markets.

111. Mr. RASAPUTRAM (Sri Lanka) said that his Government had been pleased to see UNDP activities and UNDP doctrine translated into programmes of action designed to modernize institutional structures and build national capacities and skills, while paying due respect to local wisdom and socio-cultural attitudes. By treating developing countries as individual entities and recognizing their diversity, that approach would encourage the formulation and

implementation of coherent policies consistent with objectives such as self-reliance, market orientation, transparency, accountability and adaptation to new global challenges. The progress made in the decentralization of UNDP activities was encouraging, and he had no doubt that global concerns such as the environment would receive focused attention.

112. The widening gap in global opportunities had reduced the capacity of the developing countries to maintain the momentum of growth in a manner consistent with global equity. Clearing the way for development before the year 2000 would necessitate a structural transformation of developing economies to obtain higher productivity, something which could be achieved only within a well-managed framework of domestic policies. It was of paramount importance, therefore, that such policies should be supported by international measures in the field of the flow of resources, debt management, transfer of technology, poverty alleviation and economic and financial cooperation.

113. Foreign assistance would be needed in the form of concessional aid rather than on commercial terms. The current performance of official development assistance (ODA) was disappointing and the reverse flow of resources from developing to developed countries might lead to long-term structural imbalances, aggravated by the inability of the developing countries to gain access to developed country markets. Denial of market access was not only inconsistent with current liberalization trends but also with the conditions imposed on developing countries by the lending agencies.

114. He noted that the human development index - which had been evolved in an attempt to quantify certain qualitative attributes - was being revised and refined in the light of recent information. Care had to be exercised, however, when making generalized comparisons, since there were positive and negative attributes in all countries. If there was a bias towards the positive attributes of one group of countries, comparisons based on the human development index would be of limited validity. It was important in that regard to preserve the neutral status of UNDP, rather than adapt an approach which might politicize its activities.

115. Poverty posed one of the greatest threats to world stability and every effort must be made to reduce the numbers of the poor before the end of the century. It had previously been hoped that economic expansion would reduce poverty - on the principle of the "trickle-down" effect. However, it had since become accepted that growth for growth's sake was not the answer, and that the interests of the poor had to be served by targeting specific programmes to the deprived classes.

116. The most important issue to be faced in any poverty-alleviation programme was that of access to employment opportunities. Access to the labour market were blocked by a variety of over-rigid regulations, obstacles and barriers, and there was a definite correlation between unemployment and poverty at the low income levels. The ultimate objectives of growth and poverty alleviation were the same, but the speed and means of achieving those objectives would differ. A reform programme to change the socio-economic structure was essential since, in its absence, even if growth increased, there would be no corresponding substantial increase in job creation for the poor. What was

required was a series of programmes targeted to provide incentives to the poor to develop and display their skills, abilities and initiatives and thus enable them to grasp the opportunities offered in a growing economy.

117. The cost-effectiveness of the United Nations Volunteers, together with their dedication and experience, made them the best qualified of all development partners to work on poverty and human-resources development, two forms of assistance which had to go hand in hand. The services of United Nations Volunteers should therefore be used to maximum extent by all United Nations agencies, UNDP, the World Bank and the regional development banks.

118. UNDP had a vital role to play in the future in the creation of opportunities for economic activity; its known sympathy for the problems of developing countries gave it added strength. In its new decentralized form, the Programme was in a better position to tackle the emerging problems of poverty alleviation and human development. It could only do so, however, if more resources were provided. It was thus a matter of great concern that voluntary contributions were not expected to rise by even 8 per cent. He therefore urged donor countries to make additional contributions, so as to enable UNDP not only to meet its proposed targets but also to expand its activities.

119. Mr. BÅGE (Observer for Sweden) said that the international community had to adapt itself to new political and security conditions and to growing emergency relief needs, over and above the long-term developing requirements of a large number of countries. The status quo was no longer an option for the United Nations, if it was to meet effectively the development needs of all the developing countries. That was the background against which the issues of the reform of UNDP, its roles and mandates, governance and financing, coordination and coherence, had to be examined. He welcomed the invitation to discussion and dialogue, offered by the Administrator, and would endeavour to respond accordingly.

120. Reform was crucial. The question was how the system of development promotion could be improved. In 1991, the Nordic countries had offered as a contribution to the debate, the results of a multi-year study of the activities of the United Nations in the economic and social field, known as the Nordic United Nations Project. Some of the UNDP Administrator's proposals were closely akin to those of the Nordic Project. All were important and far-reaching proposals which had to be given serious consideration and enough time allowed for them to be digested and analysed. They formed a complete package and should be dealt with as a whole and not piecemeal. The next step would then be high-level discussion by the Economic and Social Council, based on the report by the Secretary-General on enhancing the United Nations in the economic and social fields, the outcome of which would be submitted to the General Assembly for decisions on principles and guidelines.

121. Since the Council was entering on a phase of more formal consultations and discussions, it might be helpful to enunciate some basic principles in connection with the quest for reform. Reform meant strengthening the United Nations, not cutting it down. The need was for strong multilateral

institutions with a high degree of integrity vis-à-vis both donors and recipients; strong management dealing with countries by means of well-defined and transparent procedures; a multilateral system characterized by partnership rather than clientship, in which membership entailed both rights and obligations; more discussions of and decisions on policy and strategy in governing bodies and much less micro-management; a governance system that combined universality with efficiency, a procedure which distinguished clearly between general policy debate and continued operational guidance; and, lastly, the joint creation of a predictable and sustainable funding system based on negotiated programmes and targets and equitable burden-sharing.

122. UNDP was the focal point for United Nations technical assistance. Since it was not bound to a specific sector and was represented in nearly all recipient countries, the Programme was developing a role beyond that of a "mere" funding mechanism. There was, however, a need for it to develop a greater capacity to cooperate with the United Nations system as a whole, with bilateral donors and with the international financing institutions, at both the headquarters and field levels.

123. The Human Development Report - with its most innovative and stimulating approach to development problems - could provide decision makers all over the world, including those in the industrialized countries, with valuable tools for planning and policy-making. It could also provide a major foundation for UNDP's efforts to support recipient countries in their drive for sustainable development and as a tool in the coordination of external assistance to a given country.

124. The Governing Council's decision on successor support costs, though very complex, represented a landmark. The new system was aimed at promoting cost-efficiency, transparency and accountability. The best sources of competence available - inside or outside the United Nations system - should be drawn on for the execution of programmes. The concept of partnership should never be translated into monopoly.

125. The General Assembly decision on humanitarian assistance and the subsequent appointment of a high-level Emergency Relief Coordinator was a crucial step in strengthening the central role of the United Nations in that area. UNDP had an important part to play in helping recipient countries to prepare development-based prevention and preparedness strategies, since it was represented in most, if not all, of the countries liable to be stricken by disasters. Every effort should be made to create conditions in which humanitarian aid would be paired with rehabilitation and development measures. The questions which had to be faced were whether UNDP had the staff, resources and skills to play its increasingly important role and how it could best identify and address the developmental possibilities of emergency relief operations.

126. The United Nations Conference on Environment and Development was soon to be held. UNDP had an important follow-up role in assisting the recipient countries to identify special needs for capacity building and to formulate special action programmes to meet those needs. Environmental concerns had

to be integrated into all development programmes, and it was reassuring that 80 per cent of the proposed country programmes included environment and sustainable development as one of the main areas of emphasis.

127. If it was to play that important part properly, UNDP would have to strengthen its capacity and give environmental issues a higher priority. The Global Environment Facility (GEF) had given UNDP an important role, channelling about 30 per cent of its funds through the Programme and thus accounting for a substantial part of its total budget. That situation could perhaps be better reflected in the allocation of UNDP staff resources.

128. The international community undoubtedly had an obligation to support the countries of Central and Eastern Europe and of the CIS in their search for new and democratic forms of government and in the conversion of their economies. The first step in that process was to identify clearly the comparative advantages of the United Nations system and to present an integrated United Nations strategy, including proposals on integrated United Nations offices, financed jointly by the United Nations Secretariat, UNDP and other United Nations organs. It would be then be up to UNDP to work out, together with the countries of the region, proposals for concrete programmes. It was essential to emphasize that support for Central and Eastern Europe and the CIS Republics should not be at the expense of the traditional recipients of development assistance.

129. The challenges of the 1990s were common challenges, reflecting the increasing internationalization and interdependence of the contemporary world. Poverty remained a key obstacle to progress. Environmental problems affected everyone. The AIDS pandemic was deepening and extending its scope and required new and more flexible forms of system-wide collaboration. The increasing number of refugees reflected the close relationship between migration and poverty, environmental pressures and civil strife. Fighting drugs and the drug trade required international cooperation and had gradually become a priority issue for the United Nations.

130. Those were some of the problems which the international community had to address. They were accordingly crucial issues for discussion within UNDP and among the Member States at the forthcoming sessions of the Economic and Social Council and the General Assembly.

The meeting rose at 6.05 p.m.